The Economic Intelligence Practices and Their Impact on the Organization’s Strategic Behavior

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Abstract
The economic intelligence represents a practice, which has always been informally present in organizations. The active monitoring of the external environment in order to surprise the opportunities or the threats that aim the organization’s life, as well as the reaching in legal and ethical limits to influence practices in the economic competition, are manifested at the level of the strategic management, nowadays strongly reshaped under the impact of the new economy. The present paper intends to emphasize the importance of using such a strategic instrument for the information’s management coming from the competitive environment, starting from economic intelligence’s particularities. For this purpose, there are presented the specific practices for the economic intelligence measure at organizational level and the measure in which their structuring on different categories (individual, relational, synergetic) determines a certain type of the organization’s strategic behavior.

This analysis’ results are shaped by at least two perspectives; firstly, there is promoted a new strategic management instrument that regroups in a formal framework disparate monitoring practices of the environment, informational security or lobbying. Secondly, the premises for deciding on the orienting towards a certain strategic behavior type, depending on the organization’s potential in using the economic intelligence practices are being shaped.

Keywords: Economic Intelligence, strategic behavior, lobbying, environmental monitoring, security information.

JEL classification: D89

Introduction

The society’s evolution in the direction of an economy essentially based on information and knowledge generates deep changes both in the organizations’ own system’ structure and functionality, and in the external environment these cannot be separated from. Today we assist to the apparition and maturity of some new organization forms of the economic agents (organization in network, numerical enterprise, intelligent organization etc), due to the globalized competitive environment, in which the competition and performance are not translated by

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obtaining informational resources but by the ability of managing, protecting and using it in strategic plan.

Once with the amplification of the globalization phenomenon, which brought in first plan the struggle for conquering the markets, the innovation acceleration, the burst of the informatic and communication technologies development, the economic agents confront with the necessity of adopting an anticipative and less reactive measure, in front of the fundamental mutations generated by the new economy. The solution used by the big companies or institutions for facing the paradigm changes consists in developing the economic intelligence (EI) practices, which institute the information’s strategic management in the service of the economic performance. As a management practice, the economic intelligence experienced after the 90’s an intense publishing, its essential support scope in substantiating the strategic decision being emphasized. Being mainly focused on the available information in the external environment, the economic intelligence groups an ensemble of practices that lead to a reorganization of the organization’s strategic options and to the adoption of a competitive behavior, capable to ensure the disparity reduction existing between the real environment and the one perceived by the organization through its strategy (Jakobiak, 2001). At the level of the actual worldwide competition and in the conditions in which the importance of the immaterial actives in the organization’s capital stock increases significantly, its most veritable and lasting competitive advantage resides in the capacity to control the information in real time, anytime and anywhere, in order to be able to constitute a strong basis of strategic knowledge. The economic intelligence constitute the means by which the economic agents have the possibility to multiply the access sources and channels to the economic, social, technological and especially strategic information, in the purpose of advantageously positioning in the competitive environment, of deciding and action. Moreover, the strong anticipative character of the economic intelligence actions as an assisting instrument of the strategic decisional process, thus facilitating a better management of the risk linked to the competitive market. The action field of the economic intelligence is represented by the organizations, governments, nongovernmental organizations, engaged in applying some strategic management practices of the information and knowledge, meant to ensure the obtaining of economic performance. The operational dimension of the economic intelligence devolves from a set of specific practices, developed in a formal framework constituted at the organization’s level, by respecting the ethical and legality principles, an aspect that delimits an economic intelligence measure from the economic espionage. The field literature reflects an unitary approach of the practices which individualize the economic intelligence in a manner of concrete strategic information’s management, these one being found on the following three plans (Baumard, 1991; Bournois & Romani, 2000; Levet, 2001; Cohen, 2004): a) knowing and anticipating the environment’s evolutions; b) protecting and conserving the strategic information in front of the competitors offensive; c) using the produced information and knowledge in the purpose of developing environment’s positive influence actions. The economic intelligence practices’ manifestation has specific modalities in organizational context, determined on the one side by the perception manner of the top management over the environment,
and on the other side by the specific of the organization’s interactions with them. Beginning from these criteria, the present paper intends to emphasize the measure in which an economic intelligence measure, structured on different categories depending on the share in which the specific practices are found, determines a certain type of the organization’s strategic behavior.

1. Overview of Economic Intelligence. Basic concepts

The economic intelligence inserts in the paradigms of the new economy. Its fundamental philosophy is firstly based on the competitive environment’s surveillance system of the economic agents (Baumard, 1991) and secondly on the action on it, with the purpose of detecting the threats and exploiting the opportunities. The literature in the strategic management domain defines the economic intelligence as a measure for the information and knowledge management devolved from the enterprise’s external environment with the purpose of substantiating through it the decisions with strategic character (Baumard, 1991; Jakobiak, 1992). Although in a first stage the EI notion finds its origin in the competitive environment’s monitoring action (Martinet & Ribault, 1989), the concept’s maturation is registered once with the apparition of the Martre report in 1994, which will mark a new perspective in approaching the economic intelligence. Thus, the report published by the Commissariat Général du Plan (1994) defines the economic intelligence as being the coordinated actions’ ensemble of research, processing and distribution of the useful information by the economic agents in order to exploit it with strategic and operational purposes. These actions are legally developed, with the guarantee of protecting and preserving the organization’s patrimony in the best quality and costs conditions.

According to (Martinet & Marti, 2001) the term of “intelligence” was preferred because it has less passive connotations, than the currently used terms of watch or vigilance. The intelligence, as an intellectual faculty is often defined as the economic agents’ adapting capacity to the environment, therefore meaning the interpretation skills that are constituted in veritable competitive vectors. The economic intelligence entered the academic and research environments also under the impulse of Porter’s (1980) publications, in which there is found a large approach regarding the information mechanisms about the competition, as well as in the works of Freeman (1984) who treats the economic intelligence term from the perspective of the stakeholders. Economic Intelligence aims to take advantage of the opportunity to develop better methods for the identification of relevant sources of information, the analysis of the collected information and its manipulation to provide what the user needs for decision making. Focused mostly on information available outside the organization, the scope of Economic Intelligence covers wide fields ranging from technology to market or legal topics. EI is closely linked to other information management approaches such as Knowledge Management – which we regard as working on information collected inside the organization – or Business Intelligence that excels in the use of software tools to deal with mainly quantitative information. A wider definition of the economic intelligence concept belongs to (Cohen, 2004) who refers to a formalized process of research, collection and procession of the information and of distributing the useful knowledge for the
strategic management, a process characterized by a strong anticipative and proactive dimension in report with the competitive environment. In essence, the economic intelligence is a collective dynamic construction based on the conviction and responsibility of all organization’s actors, which consists in acquiring and interpreting the information with the purpose of an ulterior economic action. Founded on the coordination principle, the economic intelligence is correlated with the organization’s culture evolution and with its capacity to build the future in front of uncertain events. Finally, it permits the attraction of some strategic opportunities, which enable the construction of a sustainable competitive advantage. A synthesis based on the conceptual perspectives of the economic intelligence leads to the formulation of some conclusions:

- The economic intelligence represents a management tool of the strategic information, whose main purpose resides in increasing the organization’s competition.
- The EI mission consists in supplying the information and knowledge about the enterprise’s main competitors with the purpose of determining the manner in which these ones might negatively influence the interests and its position on the competitive market. In consequence, the economic intelligence becomes primordial in the substantiation of the strategic decisions, as well as in the development of the organization’s influence actions (lobbying) in the global economic space.
- EI is a process constructed based on the information cycle, which assists the deciders in exercising the management functions (Planning, Organizing, Coordinating, Controlling and Motivation).
- EI is different from the economic espionage, registering itself in a legal measure of information research and respecting the ethical and legal norms.

As they currently manifest, the economic intelligence practices were determined by some historical premises, whose progressive and systemic interaction modeled the actual worldwide economic system (Delbecque, 2006, p. 7):

- **The conflictual endogenous mutations of the capitalism.** These ones are linked to the increasing conquest difficulty of the competitive market, which led to the generation of some significant costs for achieving the competitive advantage. In a globalized economy, its conservation on a longer period of time is an extremely complex measure, which cannot be realized with classical strategic instruments and means.
- **The logic break the Cold War, a generator of supplementary competitive tensions, was based on.** The global system slid from a bipolar logic to a multipolar dynamic, in which the economic scene is organized according to a global competition. The companies’ power stakes are found in the information’s strategic management capacity, as well as in the cognitive capacity’s raise in organizational plan.
- **The appearance of the economy based on information and knowledge.** The actual economic system based on new power sources – information, knowledge and informatic and communication technologies – imposes the organizations a strategic reactive and proactive behavior, through which the
information’s acquisition with a high added value’s level has at least the same importance for the organization’s economic activity, as well as the accumulation of the financial capital and the insurance of the human resources’ competences. In this context, the apparition of the economic intelligence practices and their use as a strategic instrument for the increase of the control degree over the competitive environment was possible.

- **The offensive management of the information and knowledge.** The transformations brought by the informational and knowledge society in the dynamic of the organizational systems determined an amplification of the strategic potential of the two fundamental resources. As a consequence, an offensive management of them is imposed in order to gain or conserve the dominant position of an organization. This perception change regarding the information management modalities, in parallel with the development of the Knowledge Management practices represented another important premise in the appearance of the economic intelligence.

  The economic intelligence thus appeared in a well defined historical context, as a practices set situated at the organization’s border with the competitive environment. In the new economy in which the wealth creation system is based on knowledge, the economic intelligence enters in a long term perspective, being intimately linked to the managerial culture. The reaching to this new economic analysis concept remains an “intelligence” or “non-intelligence” issue available to the organization’s managerial team.

2. Economic Intelligence Practices

The economic intelligence represents a measure primarily directed in the direction of straightening the organization’s competition and perfecting the strategic directional process. These goals essentially suppose an efficient and effective management of the external information, which in essence resumes to the phrase *Right information, Right moment, Right place*. Under operational aspect, the economic intelligence includes a set of specific practices as it follows.

2.1 Environmental monitoring

It concentrates of the information management and intends on the one side to define the organization’s informational needs, and on the other side the informational collecting and structuring of the information situated in the external environment. This practice’s purpose is to monitor and interpret the competitive environment in order to highlight the relevant signals regarding its behavior and evolution tendencies. Thus, the organization which appeals to this practice, either isolatedly or by correlating it with other economic intelligence practices has the possibility to identify new opportunities or threats and risks, useful in developing the strategy. According to Levet (2001) the opportunities are materialized in an actions area which enables the organizations to stimulate the own knowledge portfolio and are reflected in: opportunities linked to the *know-how’s* or new technologies’ acquisition, which straighten the organization’s innovation capacity;
opportunities linked to new partners, susceptible of increasing the organization’s performance (new stakeholders, research institutes, training centers etc); opportunities linked to new existing or potential markets, which impose from the organization’s part a pragmatic and anticipative measure. Regarding the risks and threats, the monitoring practice permits their anticipations, a course that proves to be more effective than the treatment of the produced risks. As an economic intelligence practice, the environmental monitoring mainly reveals a defensive approach whose principal purpose is to diagnose and monitor the competitors. Therefore, the monitoring action developed by legal and ethical means, involves several levels:

- the natural observation level of the events and general information on the market;
- the passive observation level, which assumes the organization’s implication only for the accumulation of information with higher precision and accuracy level;
- the active observation level, in which besides the useful information’s accumulation, the organization proceeds in their processing and interpretation with the well determined purpose of defining the strategic objectives.

Through its nature, the environmental monitoring has a strategic dimension and is headed for a certain monitoring target, thus resulting a complex typology of the monitoring practices. Each environmental monitoring type reveals to the organization specific opportunities and threats, as it can be observed in table 1:

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Environmental monitoring types – opportunities and threats</th>
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</thead>
</table>
| **Competitive and commercial** | **Purpose:** Knowing the competitors’ strategy, the price policies, agreements/partnerships, the evolution of the market share, the competitors’ imagine, the clients’ behavior.  
**Opportunities:** Identifying the “dangerous” competitors  
Possibilities of strategic, acquisition or fusion partnerships  
Defining some new differentiation possibilities.  
**Threats:** The apparition of the competitors’ new products  
The development of the substitution products  
The denigration of the organization’s image or of its products. |
| **Technological** | **Purpose:** Knowing the results of the fundamental and applicative researchs in the field of the products, technological processes, services etc.  
**Opportunities:** Discovering the inventions susceptible to be transformed in innovation.  
The use of new materials or technologies.  
**Threats:** Threats on the informational patrimony.  
Damage or piracy of the informatic systems. |
| **Financial** | **Purpose:** Knowing the regulations of the financial market, of the actions’ evolution on the capital market.  
**Opportunities:** The operationalization of new financing sources.  
The identification of supporting possibilities from public funds.  
**Threats:** Loosing the capital’s control. |
Organizational

**Purpose:** Knowing the general and specific aspects of the organizational culture; analyzing the own adapting, flexibility and change capacities.

**Opportunities:**
- Anticipating the crafts evolution.
- Anticipating the reprojecting need of the management system.
- Adapting to new management styles and governance methods.

**Threats:**
- High fluctuation degree of the “key” employees.
- The information disclosure in a legal framework.

Policy and regulation

**Purpose:** Knowing the legislative base, the law proposals, the commercial and financial market regulation.

**Opportunities:**
- Exploiting the opportunities offered by the legislation.
- Locating the “targets” for the lobbying actions.

**Threats:** Supplementary costs engaged by the regulations’ or norms’ changes.

In practice, the organization does not exactly delimit a certain category in this non-exhaustive list of the environmental monitoring types, essential being their combined approach that should cover the proper particularities area of the own system. As a consequence of this measure, the economic agent has the advantage of a better positioning in comparison to its competitors in the external environment, but it also might create repositioning scenarios, depending on the spotted signals, being thus able to anticipate and adapt. Taking into account the conditions and finalities of the monitoring measure it is necessary that its operationalization should start from some essential principles:

- The environmental monitoring action begins from the existence premise in the organization of a trustful climate that guarantees the responsibility spirit in accumulating and sharing the information.
- The monitoring action is useless if it does not intend to answer a strategic measure. Therefore, it must be based on a project and on an action plan realized within the organization.
- The environmental monitoring action supplies the decisional process by detecting the opportunities and threats that is why it should have a continuous, systematic, organized and not sporadic character.

Finally, the environmental monitoring also represents a control manner of the informational entropy level existing in the organization’s system. As it is known, this indicator reveals the information quantity brought in a system after manifesting with a certain probability of the events produced on them. As a consequence of the fact that the environmental monitoring practices enable the growth of the information quantity entering in the organization’s system, there takes place a diminution of the informational entropy level in the time interval in which the influences of the information excess are felt. Even if the information’s impact obtained in a certain moment cannot always be assessed in an exact manner at decisional and strategic level, this aspect is less serious than the total lack of information. “The ignorance costs more than the information”, says the President of the United States, J.F. Kennedy.
2.2 Protecting the strategic information

The instruments that make the monitoring of the competitive environment possible within an economic intelligence process are preponderantly informatic, being mainly reflected in Web applications and diverse informatic and communication technologies. The digital information facilitates the fact access to the information sources but they constitute in the same time an object of the informatic criminality sources. Therefore, the information search and research systems must be doubled by proper security and safety devices, which must not prevent its circulation and should not affect its content. The information protection is thus revealed as being a distinct practice of the economic intelligence, which underlines its security dimension. Moreover, the informatic security measure is through its definition a pro-active one and reaches at organizational level all representative domains (human, juridic, economic, managerial). Unfortunately, up to present, the organizations primary took into account only the technological dimension in the securization of the informatic environment (Ghernaouti-Hélie, 2006). But the neglecting of the human dimension raises a problem in the informatic risks management, the informatic criminalty being first of all a strictly human phenomenon and not a technological one.

The introduction of the economic intelligence practices thus implies that the organization should insure the information protection, following a phases’ succession, which contains a series of specific actions (table 2):

Table 2 The succession of phases in ensuring the information protection

<table>
<thead>
<tr>
<th>Phase</th>
<th>Specific actions</th>
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<tbody>
<tr>
<td>Technical security</td>
<td>• The information availability/accessability</td>
</tr>
<tr>
<td></td>
<td>• The insurance of the informational content’s integrity</td>
</tr>
<tr>
<td></td>
<td>• User identification/authorization</td>
</tr>
<tr>
<td></td>
<td>• Confidentiality insurance</td>
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<tr>
<td></td>
<td>• Electronic archiving</td>
</tr>
<tr>
<td>Legal security</td>
<td>• Establishing the legal instruments regarding the information protection</td>
</tr>
<tr>
<td></td>
<td>• Protecting the information through the intellectual propriety right</td>
</tr>
<tr>
<td>Contractual insurance</td>
<td>• The contractual insurance with specialized societies in case of prolonged unavailability of the informatic systems, or definitely data loss.</td>
</tr>
</tbody>
</table>

Source: (Ursacescu, 2009)

As an economic intelligence practice, the informational patrimony’s protection represents a global and iterative action that takes into account diverse and apparently heterogeneous components - personnel, infrastructure, means, organizational environment – but which finally represent systemic elements of an organization’s device meant to ensure its informational security. Beyond this aspect, the information’s protection notion in the context of an economic
intelligence measure is more ample. Beginning from the fact that the organization preponderantly aims the strategic information, the raised problem is one managerial attitude or agility. The understanding through information’s protection its blocking on a physical support may prove in certain situation an error of managerial behavior. If each economic actor intends to obtain information about the other competitors, it is logic and predictable that these ones in their turn intend to proceed similarly. The information becomes a “currency”, having in certain situations a much higher strategic utility than the one it might have in absolute protection conditions.

2.3 Lobbying

The apparition of the information and knowledge economy, along with the technological revolution determined the integration of the economic power centers in influence networks at global level. The theatre of the commercial, financial operations and of the ones defining the exchange norms is crossed by complex influence strategies and techniques. The development of the economic intelligence is linked to this power modification and especially to the influences operations exercised by the economic actors on the environment. An essential definition is imposed from the beginning. The term of “influence” often has negative connotations, being based on inlegal practices or on ones situated at the legality border. The economic intelligence specific methodology takes into account the environment influencing action (lobbying) as a last step in a complex measure, initiated with the active monitoring of the competitive environment and continued with protection action of the informational patrimony. In this context, the lobbying consists in an offensive approach assimilated by the organization, with the purpose to influence – through legal practices – the environmental elements serving its strategic interests. Representing the third practices type within the economic intelligence, the lobbying becomes in the actual economic global competition, a strategic instrument if the organization which uses it knows to situate it upstream the competitive market. For example, imposing some norms, behavior models or product types are able to imprint in a positive spiral the evolution’s dynamic of the socio-economical, technological environment, both at the level of the entity realizing the lobbying and at the one of other public or private actors. This logic of entering in synergy with the competitive environment and to gain an ascendant to it, is the basis of the influence practices developed within the framework of the economic intelligence.

3. The organization’s strategic behavior under the influence of the Economic Intelligence practices

The formal economic intelligence practices are not identically and not with the same intensity manifested within the different organizations. The studies realized on the enterprises, especially on the small and medium ones (EC, 2003), reveals that although a great part of them are interested in an EI measure, the
specific practices are usually partially found. This section’s purpose is to show that the measure in which the diverse EI practices are appealed to, as well as their typology induce a certain strategic behavior of the organization. As well, the analysis of the economic agents positioning in report with the economic intelligence practices is determined both by the determination of the competitive environment in analyzable and non-analyzable and by the relation type to it (active or passive). As a complex system, the economic intelligence includes at the organizational level three distinct categories, each of them being characterized by the presence of some particular elements from the point of view of the implied actors, their competences and the informational resources they are exploiting (figure 1):

![Figure 1 Systemic components of the economic intelligence](source: adapted from Schwartz (1994))

As it might be observed, each systemic component (individual, relational and synergetic) supposes a certain intelligence type (informational, operational and strategic), their resultant leading to the complex system of the economic intelligence.

*The individual component* focuses on the individual’s role that, in the limit of its competences, searches and shares the information obtained through environmental monitoring actions or from documentation sources. In report with the problems solving capacity, this component is characterized by the informational intelligence, which consists in the “individual’s skills to identify what information is needed, to locate, evaluate and use them, with the purpose of solving a certain problem” (Poirier, 2000). The individual component,
characterized by the informational intelligence is identified within the organizations with reactive strategic behavior, where we find only partial economic intelligence practices, like:

- Documentary information management.
- Informatic and communication infrastructure management.
- Informational problematic identification.
- Strategy formulation.

The relational (networking) component is characterized by the interactions duality between the individuals or between work groups that produce knowledge beginning from the information they have. At the level of this component appears the operational intelligence, which takes into account the dynamic of the information and of the knowledge in the internal environment. Besides the fact that the obtained information covers all environmental monitoring domains (technological, commercial, financial, organizational etc.) the operational intelligence also involves a security objective of the information. This intelligence type generates a strategic proactive behavior, where the economic intelligence practices are more extended than at the previous level and include:

- Environmental monitoring actions organization;
- Tactical and strategical integration of the information.
- Integration of the security and protection parameters of the information.
- New strategies trial.

The synergetic component represents the level of the global intelligence that produces integrated knowledge (meta-knowledge) at the level of the organization’s system evolution processes. The synergy manifests on the competences plan and is based on building an informational culture within the organization, which generates a collective adhesion to principles of legality, security continuity, teaching, interactivity etc. this component introduces the notion of strategic intelligence, which manifests by using the information, the knowledge’s management and their integration as evolution vectors of the organization in its competitive environment. At this level, there are found the organizations with interactive behavior type, in which the economic intelligence practices manifest in large proportion thorough:

- Exploiting the relational networks.
- The existence of a well defined informational security policy.
- Developing the influence actions (lobbying).
- Realizing offensive maneuvers.
- Practicing the information’s strategic management.

Following the components that might progressively be developed within the economic intelligence, its systemic approach reveals the complexity and completeness of the process that is being grounded. It cannot be discussed about a real economic intelligence system in an organization, only by developing
individual components without taking into account the relational one and finally the synergetic one. As well, if at the level of the first two components prevail elements linked to the environmental monitoring means and instruments or to realizing strategic analyses, the third component is transposed through a veritable state of mind at organizational level, which reflects the maturity and the refinement regarding the informational culture.

Conclusions

In an economy in which the competition and performance are translated by the ability to control and manage the information and knowledge, the economic intelligence practices must be understood as an extension and not as a substitute of the organizations management. The present paper highlights the fact that the economic intelligence integration in the strategic management represents an action vector of the modern enterprise, a concrete management manner, which includes principles, methods and techniques and not only an application circumscribed to a simple external environment monitoring methodology. In this context, the authors intended to emphasize that the economic intelligence measure is a rigorous process, which depending on the complexity levels at which it is implemented, generates premises for the adoption of a certain strategic behavior type by the organizations. From this perspective, the paper brings into discussion at least two important aspects. Firstly, regarding the economic intelligence practices approach, the following conclusion emerges: separately analysed, each of the three practices represents distinct entities found within the organizations, without being necessarily integrated in an economic intelligence system. In order to be at the basis of a coherent process that makes the economic intelligence an action manner and equally a strategic behavior model of the modern organization, the approach of the reminded practices must aim the systemic conception. The competitive environment’s monitoring with the purpose of obtaining strategic informations is not enough, without developing insurance actions of their security. Moreover, the information useful for the organization in a certain moment in the strategy operationalization is not directly available, being necessary to reach to lobbying techniques, susceptible to provide the wanted information. Secondly, the economic intelligence represents a complex system, which is identified at least at conceptual level, depending on the deciders perception of the competitive environment (analyzable and non-analyzable), but also thorough the organizations attitude towards it (active or passive). In practice, the organizations do not strictly fit in the active or passive type, as the external environment includes its complexity and dynamic, an analyzable character (predictable and stable changes), or non-analyzable (changes that can not be anticipated). Therefore, the enterprises report to economic intelligence practices in a successive and complementary manner, usually reaching to a hybrid model that is a combination of the three levels presented in the previous section (individual, relational, synergetic).
We appreciate that the economic intelligence is an innovative management tool that enables the organization a paradigm change in developing a strategic proactive and interactive behavior, capable to exploit the huge information’s potential within the actual economic system.

References